



Annual Report 2005



The Amada Group and its flagship company, Amada Co., Ltd., comprise a truly global corporate presence with operations in Japan, the rest of Asia, North America, Europe, and other countries that develop, manufacture, market, and provide services for sheet-metalworking machinery, cutting machinery, presses, and machine tools, as well as related supplies, peripheral devices, software, and other products.

In terms of production volume, the Amada Group is the largest manufacturer of its kind in Japan, and is steadily building up its overseas operations, earning Amada an excellent reputation as a competitive player in the global market. Utilizing the integration of hardware and software, we supply products of the highest quality to ensure total customer satisfaction and offer consulting and other services that feature special attention to detail. Currently, we are expanding our solutions business to respond to the increasing sophistication, complexity, and diversity of our customers' needs and the issues they face.

To ensure a bright future in manufacturing, the Amada Group has adopted the management philosophy of always paying attention to the relationship between people and machines as well as between the global environment and industry while providing the best solutions and contributing to the international community through the advancement of industry under the creed of "Creative solutions for your success."

Contents

1	Financial Highlights
2	A Message from the President
4	Review of Operations by Group
8	Review of Operations in Main Regions
11	Financial Summary
12	Financial Review
14	Consolidated Financial Statements
19	Notes to Consolidated Financial Statements
34	Independent Auditors' Report
35	The Amada Group
38	Investor Information
39	Board of Directors and Corporate Auditors

COVER: Plaza of Creativity

Artist: Arnaldo Pomodoro, born 1926 in Morciano, Romagna, Italy

This work is based on the concept of harmonious coexistence with the natural environment.

Amada seeks out deeply creative craftsmanship in cooperation with its customers under the motto, "Creative solutions for your success," which is also the Company's slogan.

Financial Highlights

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2005
For the year:				
Net sales	¥201,097	¥164,614	¥145,425	\$1,872,237
Operating income (loss)	21,513	2,445	(5,033)	200,296
Net income (loss)	10,940	372	(6,588)	101,854
At year-end:				
Total shareholders' equity	367,808	358,342	286,728	3,424,343
Total assets	475,224	457,283	392,047	4,424,393
Per share of common stock (yen and U.S. dollars):				
Net income (loss)—				
Basic	¥ 27.66	¥ 0.90	¥ (19.64)	\$ 0.25
Cash dividends applicable to the year	10.00	5.00	5.00	0.09

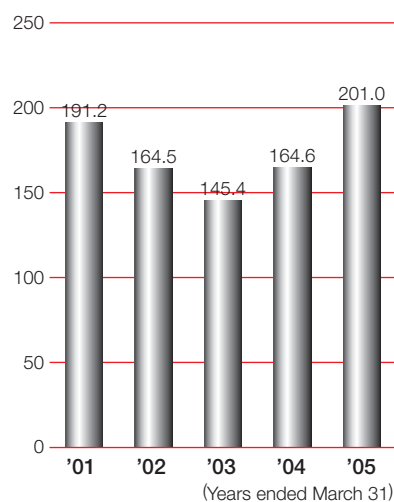
Notes: 1. U.S. dollar figures have been translated from yen, for convenience only, at the rate of ¥107.41=US\$1, the exchange rate at March 31, 2005.

2. The yen figures presented in the financial highlights are rounded down to millions of yen, except for per share amounts.

3. Amada Co., Ltd., merged with Amada Machinics Co., Ltd., on October 1, 2003. The pre-fiscal 2004 figures shown in the financial highlights are those of Amada before the merger.

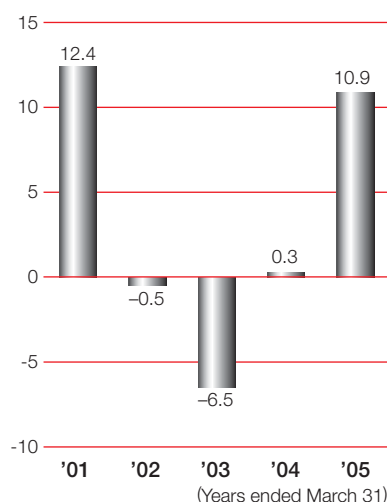
NET SALES

(Billions of yen)



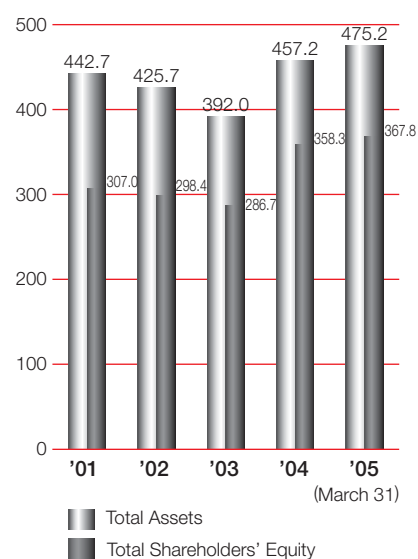
NET INCOME (LOSS)

(Billions of yen)



TOTAL ASSETS AND TOTAL SHAREHOLDERS' EQUITY

(Billions of yen)



A Message from the President



Mitsuo Okamoto, President

Market Environment and Strategies

In fiscal 2005, ended March 31, 2005, the Japanese economy generally remained on a recovery course, underpinned by private-sector demand. However, the economy showed signs of a slow-down starting in autumn 2004. Overseas economies remained strong, especially in the United States and Asia. The leading European countries posted modest economic recoveries.

In the machinery industry, demand increased from the automotive and digital electronics industries, and overseas markets were robust. As a result, the operating environment for machinery was relatively favorable in Japan and abroad.

Against this backdrop, the Amada Group harnessed all of its strengths to enact reform measures aimed at converting its marketing practices geared toward supplying individual products to one based on proposal-based total solutions to clients with the aim of generating stable earnings and maximizing

profit growth. For example, the Company is bolstering its product development and supply networks and rethinking its sales and service systems.

Consolidated Fiscal 2005 Results

In fiscal 2005, consolidated orders totaled ¥203.0 billion (US\$1,890.6 million), up 17.8% year on year. Consolidated net sales were ¥201.0 billion (US\$1,872.2 million), up 22.2%, as both orders and net sales exceeded the amounts recorded in the previous term.

As for earnings, the improving gross margin in tandem with higher sales as well as cost reductions helped spur strong earnings growth. Operating income increased 779.7%, to ¥21.5 billion (US\$200.2 million). To further enhance asset efficiency in its highly transparent balance sheet, during the term Amada introduced impaired accounting standards for fixed

assets ahead of schedule and disposed of impaired losses from golf club membership rights in its possession. As a result, the Company recorded extraordinary losses totaling ¥7.0 billion. Nonetheless, net income rose ¥10.5 billion, to ¥10.9 billion (US\$101.8 million).

Dividends per share were increased by ¥5.0, to ¥10.0 (US\$0.09), to take into account the sharp improvement in consolidated results on both the sales and profit fronts during the term owing to an upturn in business conditions and successful management initiatives.

Medium- and Long-Term Business Strategies and Necessary Initiatives

The Amada Group is focusing its overall efforts on further bolstering profitability and sustaining growth by building a comprehensive engineering business that proposes manufacturing solutions to its customers and by selectively implementing the best possible strategies for each of its products in each region where it operates. In the sheet-metalworking machine area, the focus is on constructing marketing and service systems and revamping networks for marketing and services in order to get the engineering business on a solid track. We are also harnessing resources for training personnel and taking other reform measures.

In production, investment is centered on further boosting capacity and shortening lead times from the factory floor to product delivery. The Company is striving diligently to build systems for stringently meeting its customers' needs.

In the bandsaw, press, and machine tool areas, Amada has continued developing strategic profit centers consisting of specialty subsidiaries for each of these products. Efforts are centered on rapidly responding to changes in the market environment. For bandsaws, the Company has been promoting the development of next-generation products and working to build a stable and quick supply system for bandsaw blades. In the press area, the Company aims to build fully autonomous business units as it consolidates production and sales operations with subsidiaries and to further enhance efforts toward creating core, next-generation products. For machine tools, we are focusing on developing new

lathes and grinders and aim to bolster sales and service networks overseas. All employees are working diligently on achieving these goals through a corporate culture instilled with the tools for gradually accomplishing the important missions before them. In these ways, we intend to build solid, underlying earnings foundations.

Furthermore, Amada is continuously disclosing important data through its IR activities, maintaining transparency, and meeting its responsibilities to the community through its adherence to strict safety and environmental standards in all of its operations. The Company is redoubling its efforts to increase enterprise value.

Future Outlook

Looking ahead, the global economy continues on a recovery course, but a number of developments are cause for uncertainty. The U.S. and Chinese economies face concerns about slowdowns, while the outlook for crude oil prices, foreign exchange markets, and international political conditions appear murky going forward. In the machinery industry, enthusiasm for capital investment in Japan and abroad is underpinning results, and we expect order trends to show firmness. However, customer needs are growing increasingly diverse and complex as clients demand lower processing costs and higher productivity from machinery. Machinery makers must provide comprehensive solutions to meet these needs. Amid these prevailing conditions, the Amada Group will aggressively implement medium- and long-term business strategies and policies for addressing the crucial issues before it, as outlined above. We intend to continue boosting our sales and profits into the future.

We thank our stakeholders and associates for their assistance, and ask for your continuing support going forward.

September 2005



Mitsuo Okamoto
President

Review of Operations by Group

Sheet-Metalworking Machines

Amada's Sheet-Metalworking Machines Group's product line-up comprises punch presses, laser machines, press brakes, and other products for use in the sheet-metalworking market.

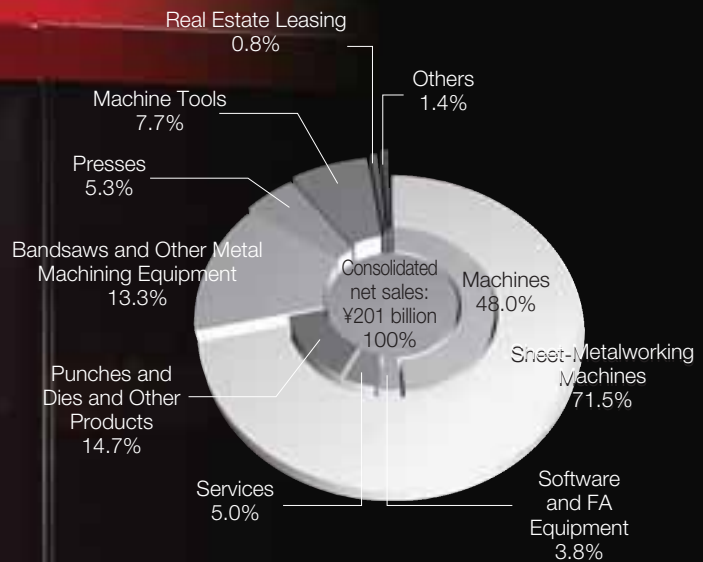
The Group plans to continue working actively to increase sales of strategic products and smoothly meld them with its support services for machines, peripheral devices, punches and dies, and software. For forging business operations capable of proposing total solutions to customers based on these products and services, the Group is vigorously reviewing its organizational structure and policies. For example, we are

revamping our frontline operations for sales and services and developing a product rental system capable of seamlessly meeting customer needs.

Moreover, under its collaborative system that blends product development and production, the Group is creating attractive new products with substantial growth potential based on such themes as high productivity, composite assembly, automation, and environmental awareness.

The Sheet-Metalworking Machines Group is the most critical product area in the Amada Group. For this reason, we are reporting separately on machines, software and factory automation (FA) equipment, services, and punches and dies in this field.

SALES COMPOSITION BY GROUP



Machines

Sales of NC turret punch presses, Amada's mainstay punch press, have been rising. This is because the Company has earnestly promoted sales of system products that combine peripheral equipment with the EM series of servo-electric drive mechanisms amid firm demand from the semiconductor and telecommunications equipment industry.

For laser machines, the Company launched new models that combine punch presses with processing equipment and continued to create system products to meet needs for diverse, small-lot production and shorter delivery times. This policy drove demand, especially in the precision-parts processing field, leading sales to rise during the fiscal year.

For press brakes, Amada has been focusing its resources on sales of the HDS-NT Series, which satisfies networking and automation needs. Sales rose on the back of brisk demand from the construction machinery, machine tool, and sash industries in the term under review.

As a result, sales of all core products were robust, and sheet-metalworking machine sales increased 21.6% year on year in fiscal 2005.

Software and FA Equipment

In software and FA equipment, Amada put resources into hardware and software development to reduce the setup time required and enable simple process control, thereby meeting customer priorities on improving production efficiency and enhancing machine operation. Another aim was to expand the product lineup. The Company has strengthened the capabilities of its software call center for clients, which effectively utilizes exclusive networks and cutting-edge IT.

These initiatives and higher demand for machines themselves boosted sales of software and FA equipment 11.6% year on year in the fiscal year.

Services

Amada worked diligently to build a dual network of daily front-line services from marketing bases in particular regions and of exclusive services offered by technical centers covering broad geographical areas. In addition, the Company has enacted several policies for boosting customer satisfaction. For example, it quickly meets the detailed demands of its customers through its expanded IT network.

Furthermore, its main customers have maintained high machine operating rates. Consequently, sales rose 8.3% year on year in fiscal 2005.

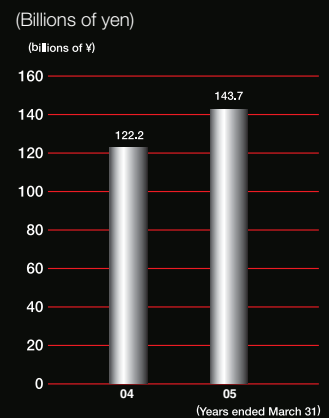
Punches and Dies and Other Products

The Company concentrated on the proposal-based marketing of products geared toward increasing product longevity and reducing the need for die replacement. Demand was robust, as sales of machines themselves rose and operating rates for machines that had already been delivered climbed higher.

As a result, sales increased 10.4% year on year in the term.

In light of these factors, sales in the Sheet-Metalworking Machines Group increased 17.6% overall in fiscal 2005.

SHEET-METALWORKING MACHINES GROUP SALES



Review of Operations by Group

Bandsaws and Other Metal-Machining Equipment

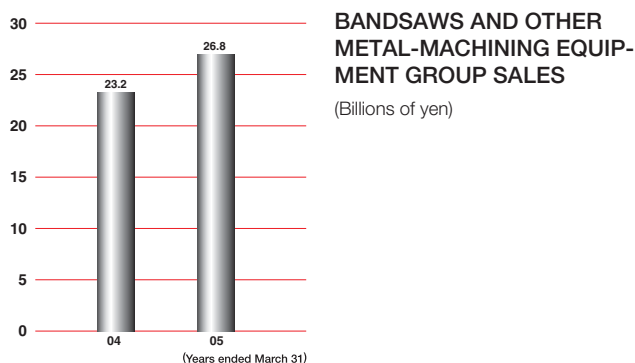
This Group's product lineup consists of units for the cutting market, especially bandsaws for cutting metal.

The Group continued its efforts from the previous fiscal year to combine all operations at Amada Cutting Co., Ltd., develop next-generation core equipment, reduce costs by procuring materials from and manufacturing equipment at the best possible locations, and increase market share worldwide for metal-cutting bandsaw blades. These expendables carry high profit margins. Such policies have been showing favorable results.

For metal-cutting bandsaws, demand has been brisk from the steel industry, owing to healthy auto production, and has been recovering in Europe and the United States. Amid these trends, the Group aggressively pursued business expansion. For example, it introduced the new HFA 530 bandsaw with superior productivity and durability. Sales increased in the fiscal year as a result.

Demand for bandsaw blades remained healthy in Asia, particularly in China. Moreover, the Company continued promoting the use of fixed visit checking devices by its users that have already received blades and strived to tap into new demand by proposing methods for blade processing to potential customers. As a result, customers have increased their machine utilization, which has helped buoy sales.

Consequently, sales in the Bandsaws and Other Metal-Machining Equipment Group increased 15.6% year on year in fiscal 2005.

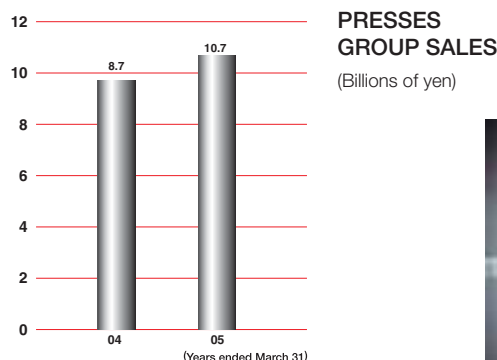


Presses

The Presses Group product lineup includes items for the press machinery market, especially mechanical presses. All sales and service operations in the Group have been consolidated at Amada Press Technology Co., Ltd. During the term, efforts were focused on nurturing and developing core next-generation products, as evidenced by the expansion of models with servo-motor driven design. In addition, we started supplying products to local press manufacturers in the United States and enacted policies for actively increasing sales in overseas markets.

In the mechanical press market, companies in the digital consumer electronics and automotive parts industries, the leading users, have been generating robust results, and the Company introduced the SDE Series of new presses featuring servo motors installed with digital controllers. This boosted machine sales and service revenues.

The Presses Group thus registered a 22.0% increase in sales during the term under review.



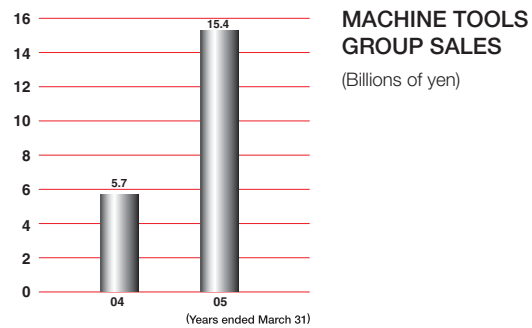
Machine Tools

The Machine Tools Group product lineup comprises lathes, grinders, and other metal machine tools.

In this area, order conditions have remained favorable amid enthusiasm for capital investment by the automotive industry and other sectors. Tecno Wasino Co., Ltd., has been pursuing policies to develop a series of high-value-added products, shorten lead times in production, bolster sales in North America and Asia, and otherwise expand operations.

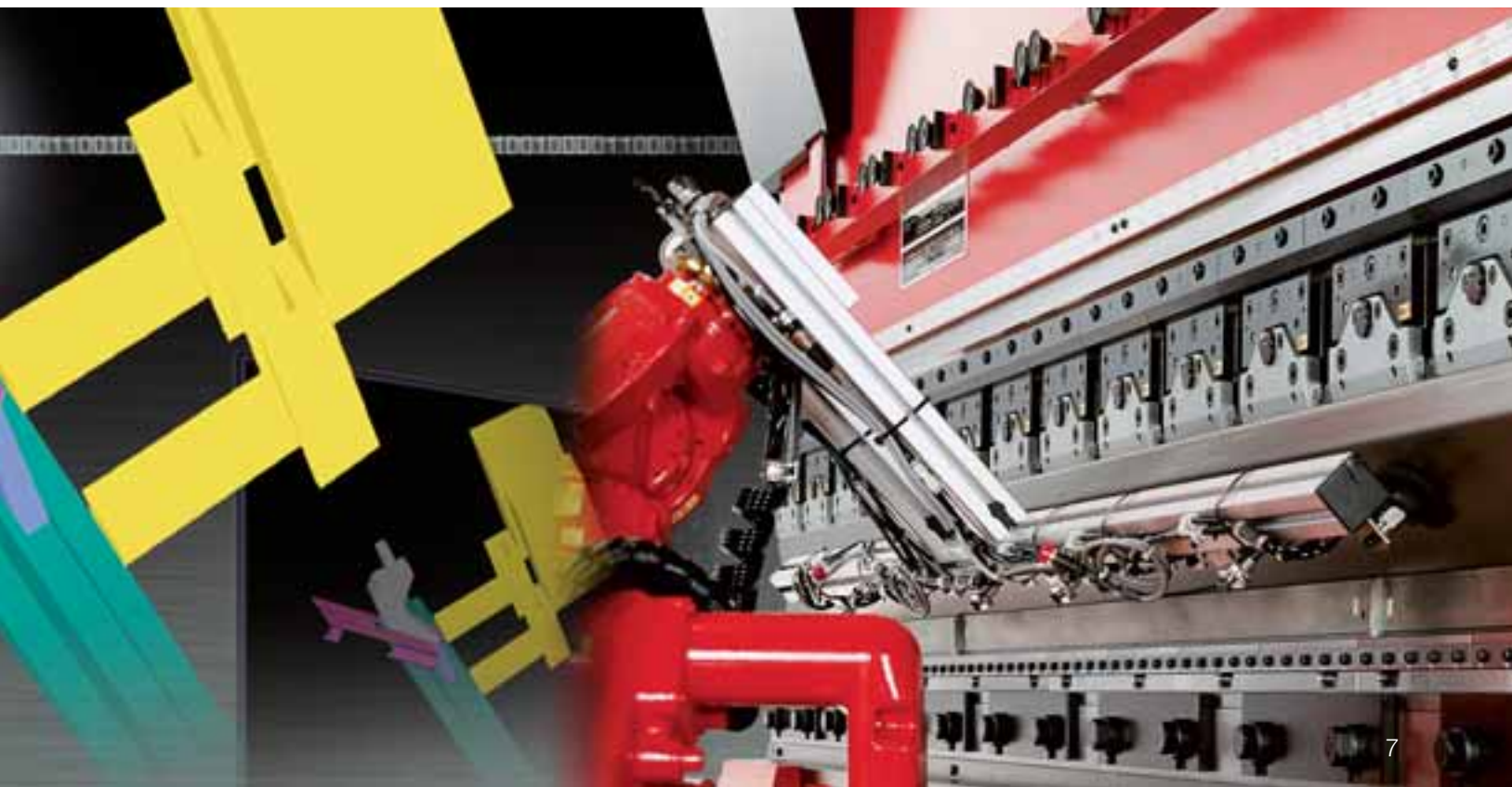
For lathes and grinders, the Company's mainstay products, orders were strong, underpinned by demand for capital investment in the automotive, semiconductor, and electronic components industries. In addition, Amada expanded its product lineup by developing its core models into series and introducing new products. In these and other ways, the Company worked to stimulate demand in response to diversifying user needs. Consequently, sales of both lathes and grinders rose in the term.

Amada's October 2003 merger with Amada Machinics Co., Ltd., added a new company to the Group. As a result, year-on-year sales comparisons are truly valid for only the six months during the term under review. Nonetheless, we would like to announce that sales increased 169.0%, a 2.7-fold gain.

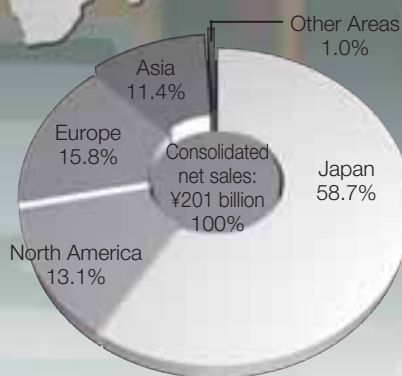


ASTRO—100NT CELL

A machine with automatic bending capabilities, it greatly enhances productivity, shortens delivery times, creates an even plain in bending, and improves quality.



Review of Operations in Main Regions



**SALES COMPOSITION
BY REGION**

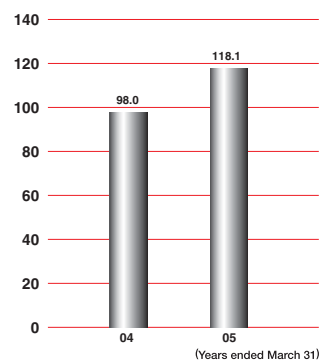
Japan

In Japan, sentiment concerning capital investment has been improving sharply, not only among large companies, but among small and medium-sized enterprises as well, as the economy rebounds. Amid these conditions, Amada made diversified sales pitches tailored to the individual circumstances of each of its customers—mainly for high-precision and highly productive machines and peripheral products, and machines with systems enhanced through software and other means—through a marketing and service network attuned to particular geographical regions. The Company made thoroughly innovative investments and strived to reap rewards from streamlining investments.

As a result, sales rose 20.4% year on year in Japan in fiscal 2005.

JAPAN

(Billions of yen)

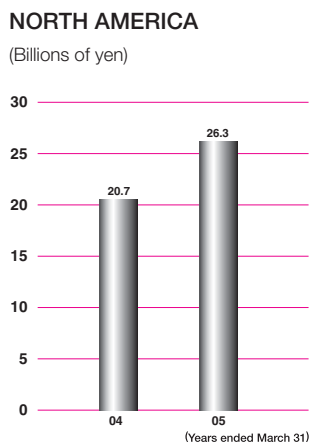


North America

In the United States, businesses entered growth phases spurred by the economic recovery, especially from expansion in private-sector capital investment.

Amada paired down inventories, which had been built up since the IT bubble period, streamlined employee numbers to appropriate levels, and promoted policies to improve efficiency. Meanwhile, the Company enacted aggressive expansionary strategies to take advantage of the turnaround in operating conditions. For example, it actively promoted sales of such key products as punch presses, laser machines, and press brakes through automation and systems development.

Consequently, sales increased 26.8% from the previous term in the North American market.



Europe

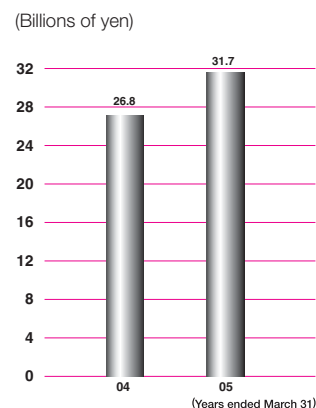
The European economy recovered modestly on the whole as the German economy flagged somewhat, but rebounded elsewhere, mainly in the United Kingdom and France. The European market is the largest in the world for sheet metal, and the Amada Group strived earnestly to expand product development, production, and sales in the region with the aim of increasing market share.

During the fiscal year, Amada made wholehearted efforts to enlarge its sales channels. For example, in Italy the Company

fully converted sales companies that were joint ventures with locally capitalized enterprises into subsidiaries and worked to boost the sales capabilities of operations in the Italian and Spanish markets. The Company tapped into new markets, with Amada GmbH serving as a base for sales in Eastern Europe and Russia. In addition, we strived to reduce costs by localizing production. For instance, the production of strategic punch press and laser machine models began in France during the fiscal year.

These endeavors fueled an 18.4% year-on-year increase in the European market during the term.

EUROPE



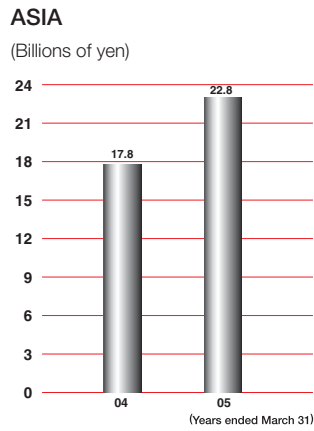
Asia

In Asia, the economy was robust in China, Taiwan, the ASEAN nations, and other countries. Machinery demand was also brisk, but the strong rate of growth in capital investment slowed somewhat in China, and competition between companies intensified.

Against this backdrop, the Amada Group enthusiastically promoted business operations in China. Efforts to tap into new demand were divided along regional lines in three zones: North China, East China, and South China. Also, after-sale services to existing customers were stepped up in the country. In these ways, the Group was able to bolster sales and services. In addition, we enacted organizational reforms for new capacity

at plants and for the production of dies, metal-cutting band-saw blades, and other peripherals, and worked to boost local production capacity.

As a result, sales in China and other Asian markets rose 27.7% year on year in fiscal 2005.



Amada Solution Center

The Amada Solution Center produces digital products based on Amada's proposals with the Company's Virtual Prototype Simulation System (VPPS) at their core. The center is the focal point for ensuring that products meet the exacting specifications of our customers.



Financial Summary

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
	2005	2004	2003	2002	2001
For the year:					
Net sales	¥201,097	¥164,614	¥145,425	¥164,520	¥191,207
Sales to foreign customers	82,964	66,526	64,021	74,751	89,590
Cost of sales	111,918	94,371	84,758	98,791	103,655
Gross profit	89,178	70,243	60,666	65,728	87,552
Selling, general and administrative expenses	65,293	66,515	66,876	71,190	73,424
Net changes in deferred profit on installment sales	(2,371)	(1,282)	1,176	2,549	335
Operating income (loss)	21,513	2,445	(5,033)	(2,912)	14,463
Other income (expenses)—net	(2,826)	2,704	(2,466)	3,714	6,290
Income (loss) before income taxes and minority interests	18,687	5,150	(7,499)	801	20,753
Net income (loss)	10,940	372	(6,588)	(539)	12,433
Purchases of property, plant and equipment	5,286	3,740	4,433	8,401	6,638
Depreciation and amortization	8,669	9,069	10,504	10,171	9,311
Research and development costs	6,380	7,161	6,345	6,063	5,527
At year-end:					
Total shareholders' equity	367,808	358,342	286,728	298,462	307,022
Total assets	475,224	457,283	392,047	425,709	442,741
Total long-term liabilities	32,093	31,995	26,823	30,843	18,160
Per share of common stock (yen):					
Net income (loss)—					
Basic	¥ 27.66	¥ 0.90	¥ (19.64)	¥ (1.59)	¥ 36.73
Cash dividends applicable to the year	10.00	5.00	5.00	5.00	6.00
Sales composition:					
Sheet-metalworking machines:					
Machines	¥ 96,542	¥ 79,375			
Software and factory automation equipment	7,713	6,910			
Services	9,961	9,194			
Punches and dies and other products	29,484	26,698			
	¥143,702	¥122,178			
Bandsaws and other metal-machining equipment					
	¥ 26,853	¥ 23,227			
Presses	10,716	8,784			
Machine tools	15,427	5,735			
Real estate leasing	1,639	1,435			
Others	2,757	3,253			
Total	¥201,097	¥164,614			
Number of employees	4,977	4,793	4,133	4,353	4,408

Notes: 1. The yen figures presented in the financial summary are rounded down to millions of yen, except for per share amounts.

2. Amada Co., Ltd., merged with Amada Machinics Co., Ltd., on October 1, 2003. The pre-fiscal 2004 figures shown in the financial summary are those of Amada before the merger.

3. Prior fiscal 2004, the sales composition was classified based on the functions of products. For the year ended March 31, 2005, sales of products are separated according to the markets where the products are sold.

For comparative purposes only, the sales composition for fiscal 2004 is reclassified based on the current fiscal year policy.

Financial Review

EXTERNAL ECONOMIC CONDITIONS

In fiscal 2005, the domestic economy generally continued to follow a course of recovery, backed primarily by private-sector demand, as corporate profits improved and capital investment increased. However, starting in autumn 2004, surging crude oil prices, production adjustments for IT and digital products, and other negative factors raised some concerns about an economic slowdown.

Overseas, the economic conditions remained healthy in the United States and conditions continued rebounding in the major European countries, albeit modestly. The economy in Asia continued to grow strongly, especially in China.

Amid these economic conditions, the machine industry enjoyed relatively favorable business conditions in Japan and abroad. As evidence, demand rose in Japan not only from the automobile industry and related businesses, but also from the digital electronics and precision machinery industries. Overseas, business conditions were robust in the North American and East Asian markets.

EARNINGS

In the fiscal year under review, on a consolidated basis, both orders and sales increased year on year. Orders rose 17.8% year on year, to ¥203.0 billion (US\$1,890.6 million), and sales climbed 22.2%, to ¥201.0 billion (US\$1,872.2 million).

Operating income increased substantially, to ¥21.5 billion (US\$200.2 million), up 779.7%, thanks to sales growth, improvement in the gross margin, cost reductions, and other factors.

Amada further improved asset efficiency in its highly transparent and sound balance sheet by applying impaired accounting standards for fixed assets ahead of schedule during the fiscal year and disposing of its impaired golf club membership rights. Despite these losses, income before income taxes and minority interests rose 262.8%, to ¥18.6 billion (US\$173.9 million), and net income increased ¥10.5 billion, to ¥10.9 billion (US\$101.8 million).

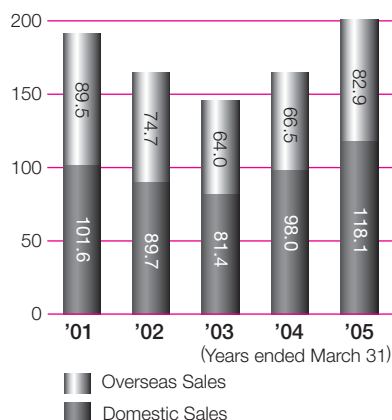
FINANCIAL POSITION

At the end of fiscal 2005, total assets stood at ¥475.2 billion (US\$4,424.3 million), up 3.9% from a year earlier.

Current assets increased 7.6%, to ¥269.4 billion (US\$2,509.0 million), owing mainly to gains in notes and accounts receivable and inventories. Net property, plant, and equipment, which includes land, machinery, and equipment, declined 4.9%, to ¥100.2 billion (US\$933.0 million), mainly because accumulated depreciation rose. However, investments and other assets climbed 4.0%, to ¥105.5 billion (US\$982.2 million), backed mainly by growth in investment securities.

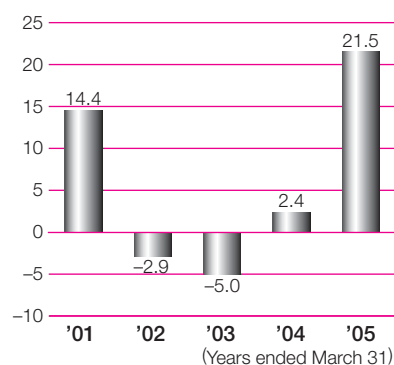
DOMESTIC SALES AND OVERSEAS SALES

(Billions of yen)



OPERATING INCOME (LOSS)

(Billions of yen)



Current liabilities stood at ¥72.8 billion (US\$678.2 million) at the end of the fiscal year, up 12.1%, reflecting such factors as growth in income taxes payable and deferred profit on installment sales. Long-term liabilities edged up 0.3%, to ¥32.0 billion (US\$298.7 million).

Total shareholders' equity stood at ¥367.8 billion (US\$3,424.3 million) at the end of the fiscal year, up 2.6%, principally because retained earnings increased along with the rise in profits.

As a result, the shareholders' equity ratio at the end of the term was 77.4%, down 1.0 percentage point from 78.4% a year earlier.

CASH FLOWS

Cash and cash equivalents, end of year, were ¥72.3 billion (US\$673.6 million), up ¥5.8 billion from a year earlier.

CASH FLOW PROVIDED BY OPERATING ACTIVITIES

In fiscal 2005, net cash provided by operating activities totaled ¥22.1 billion (US\$205.9 million), representing a ¥2.3 billion increase from the previous term. This was largely attributable to growth in income before income taxes and minority interests and the recording of losses on impairment. Inflows thus exceeded the factors depressing cash flow, such as an increase in inventories and a decrease in payables.

CASH FLOW USED IN INVESTING ACTIVITIES

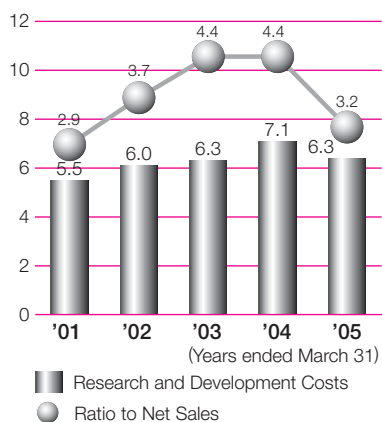
Net cash used in investing activities was ¥12.6 billion (US\$117.6 million), down ¥2.1 billion from a year earlier. The decline mainly reflected a decrease in purchases of investment securities and higher proceeds from sales and redemption of marketable securities. These and other factors boosted cash flow from the previous year countering factors depressing cash flow, including lower proceeds from sales and redemption of investment securities.

CASH FLOW USED IN FINANCING ACTIVITIES

Net cash used in financing activities amounted to ¥5.7 billion (US\$53.3 million), down ¥4.9 billion from the previous fiscal year. The decline stemmed mainly from a net decrease in short-term borrowings.

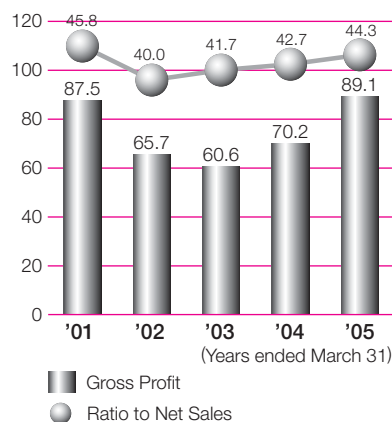
RESEARCH AND DEVELOPMENT COSTS AND RATIO TO NET SALES

(Billions of yen, %)



GROSS PROFIT AND RATIO TO NET SALES

(Billions of yen, %)



Consolidated Financial Statements

Consolidated Balance Sheets

Amada Co., Ltd. and Consolidated Subsidiaries
March 31, 2005 and 2004

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Current assets:			
Cash and cash equivalents (Note 5)	¥ 72,357	¥ 66,528	\$ 673,658
Short-term investments (Notes 5 and 8)	11,331	14,984	105,496
Notes and accounts receivable (Note 4)—			
Trade	131,396	121,496	1,223,317
Unconsolidated subsidiaries and associated companies	2,368	3,568	22,052
Other	1,769	1,242	16,471
Allowance for doubtful receivables	(3,659)	(3,554)	(34,068)
Inventories (Note 6)	47,370	38,464	441,020
Deferred tax assets (Note 11)	3,637	4,768	33,866
Prepaid expenses and other current assets	2,927	3,017	27,253
Total current assets	269,499	250,516	2,509,068
Property, plant and equipment:			
Land (Note 7)	30,856	33,015	287,276
Buildings and structures (Notes 7 and 8)	89,282	90,066	831,232
Machinery and equipment (Notes 7 and 8)	37,981	37,668	353,610
Equipment for lease	25,653	24,082	238,840
Buildings, structures and land for rent (Notes 7 and 9)	19,566	18,807	182,169
Construction in progress	1,219	686	11,356
Total	204,560	204,326	1,904,485
Accumulated depreciation	(104,337)	(98,959)	(971,390)
Net property, plant and equipment	100,223	105,366	933,094
Investments and other assets:			
Investment securities (Note 5)	80,718	75,654	751,499
Investments in and advances to unconsolidated subsidiaries and associated companies	2,461	3,704	22,914
Software	3,148	3,857	29,312
Deferred tax assets (Note 11)	10,830	10,274	100,833
Other assets	8,342	7,908	77,670
Total investments and other assets	105,501	101,399	982,230
 Total	 ¥475,224	 ¥457,283	 \$4,424,393

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Current liabilities:			
Short-term bank loans (Note 8)	¥ 6,809	¥ 5,391	\$ 63,392
Current portion of long-term debt (Note 8)	1,614	2,153	15,030
Notes and accounts payable—			
Trade	22,266	21,501	207,300
Unconsolidated subsidiaries and associated companies	1,040	1,163	9,685
Other	3,377	3,267	31,443
Deferred profit on installment sales (Note 4)	19,750	17,378	183,876
Accrued expenses	7,722	7,407	71,894
Income taxes payable	4,484	1,466	41,749
Other current liabilities (Note 11)	5,786	5,265	53,877
Total current liabilities	72,850	64,995	678,250
Long-term liabilities:			
Long-term debt (Note 8)	474	1,746	4,422
Liability for employees' retirement benefits (Note 10)	17,076	16,469	158,980
Retirement allowance for directors and corporate auditors (Notes 2 and 10)	621	807	5,786
Deposits received (Note 9).....	8,260	7,544	76,904
Other long-term liabilities (Note 11)	5,661	5,427	52,704
Total long-term liabilities	32,093	31,995	298,798
Minority interests	2,470	1,949	23,001
Commitments and contingent liabilities (Notes 15, 16 and 17)			
Shareholders' equity (Notes 12 and 20):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—406,434 thousand shares (2005 and 2004)	54,768	54,768	509,898
Capital surplus	163,372	163,249	1,521,019
Retained earnings	161,405	153,135	1,502,701
Land revaluation difference (Note 1 (i))	(8,104)	(8,764)	(75,456)
Net unrealized gain on available-for-sale securities	3,353	3,732	31,222
Foreign currency translation adjustments	(2,707)	(3,626)	(25,211)
Total	372,086	362,494	3,464,173
Treasury stock, at cost—			
14,579 thousand shares in 2005 and 14,583 thousand shares in 2004	(4,278)	(4,152)	(39,830)
Total shareholders' equity	367,808	358,342	3,424,343
Total	¥475,224	¥457,283	\$4,424,393

Consolidated Statements of Operations

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2005
Net sales	¥201,097	¥164,614	¥145,425	\$1,872,237
Cost of sales (Note 6)	111,918	94,371	84,758	1,041,974
Gross profit	89,178	70,243	60,666	830,263
Selling, general and administrative expenses (Note 14)	65,293	66,515	66,876	607,886
Net changes in deferred profit on installment sales (Note 4)	(2,371)	(1,282)	1,176	(22,080)
Operating income (loss)	21,513	2,445	(5,033)	200,296
Other income (expenses):				
Interest and dividend income	1,990	1,801	1,535	18,532
Interest expense	(431)	(459)	(631)	(4,013)
Equity in earnings (losses) of unconsolidated subsidiaries and associated companies	(49)	170	66	(459)
Loss on impairment of golf club memberships	(1,491)			(13,886)
Loss on impairment of long-lived assets (Note 7)	(3,847)			(35,823)
Other, net (Note 13)	1,003	1,192	(3,436)	9,338
Other income (expenses)—net	(2,826)	2,704	(2,466)	(26,311)
Income (loss) before income taxes and minority interests	18,687	5,150	(7,499)	173,984
Income taxes (Note 11):				
Current	5,588	1,950	(893)	52,026
Deferred	1,577	2,758	413	14,689
Total income taxes	7,166	4,708	(479)	66,716
Minority interests in net income (loss)	581	69	(430)	5,413
Net income (loss)	¥ 10,940	¥ 372	¥ (6,588)	\$ 101,854
		Yen		U.S. dollars (Note 1)
Per share of common stock:				
Net income (loss)				
Basic	¥ 27.66	¥ 0.90	¥ (19.64)	\$ 0.25
Cash dividends applicable to the year	10.00	5.00	5.00	0.09

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Issued number of shares outstanding (thousands)	Number of treasury stocks (thousands)	Millions of yen						
			Common stock	Capital surplus	Retained earnings	Land revaluation difference	Net unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Treasury stock
Balance, April 1, 2002	338,510	2,971	¥54,756	¥117,782	¥135,721	¥(8,870)	¥ (217)	¥ (688)	¥ (829)
Stock issued for merger	237		11						
Adjustment of retained earnings for merger					56				
Net change in unrealized gain (loss) on available-for-sale securities							(1,278)		
Net change in foreign currency translation adjustments								(1,266)	
Net loss					(6,588)				
Reversal of land revaluation difference					(105)	105			
Appropriations:									
Cash dividends, ¥5.00 per share					(1,677)				
Bonuses to directors and corporate auditors					(47)				
Net increase of treasury stock		330							(134)
Balance, March 31, 2003	338,748	3,302	54,768	117,782	127,358	(8,764)	(1,496)	(1,955)	(964)
Increase resulting from merger (Note 3)	67,686	10,937		45,416	27,087				(2,949)
Disposal of treasury stock		(199)		50					55
Net change in unrealized gain (loss) on available-for-sale securities							5,228		
Net change in foreign currency translation adjustments								(1,670)	
Net income					372				
Appropriations:									
Cash dividends, ¥5.00 per share					(1,677)				
Bonuses to directors and corporate auditors					(6)				
Acquisition of treasury stock		542							(293)
Balance, March 31, 2004	406,434	14,583	54,768	163,249	153,135	(8,764)	3,732	(3,626)	(4,152)
Adjustment of retained earnings for merger of a consolidated subsidiary					6				
Disposal of treasury stock		(390)		123					112
Net change in unrealized gain (loss) on available-for-sale securities							(378)		
Net change in foreign currency translation adjustments								918	
Net income					10,940				
Reversal of land revaluation difference					(659)	659			
Appropriations:									
Cash dividends, ¥5.00 per share					(1,959)				
Bonuses to directors and corporate auditors					(57)				
Acquisition of treasury stock		386							(238)
Balance, March 31, 2005	406,434	14,579	¥54,768	¥163,372	¥161,405	¥(8,104)	¥3,353	¥(2,707)	¥(4,278)

	Thousands of U.S. dollars (Note 1)							
	Common stock	Capital surplus	Retained earnings	Land revaluation difference	Net unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Treasury stock	
Balance, March 31, 2004	\$509,898	\$1,519,873	\$1,425,705	\$(81,600)	\$34,747	\$(33,760)	\$(38,656)	
Adjustment of retained earnings for merger of a consolidated subsidiary			63					
Disposal of treasury stock		1,145					1,044	
Net change in unrealized gain (loss) on available-for-sale securities					(3,525)			
Net change in foreign currency translation adjustments						8,548		
Net income			101,854					
Reversal of land revaluation difference			(6,143)	6,143				
Appropriations:								
Cash dividends, \$0.04 per share			(18,240)					
Bonuses to directors and corporate auditors			(538)					
Acquisition of treasury stock								(2,218)
Balance, March 31, 2005	\$509,898	\$1,521,019	\$1,502,701	\$(75,456)	\$31,222	\$(25,211)	\$(39,830)	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2005
Operating activities:				
Income (loss) before income taxes and minority interests	¥18,687	¥ 5,150	¥ (7,499)	\$173,984
Adjustments for:				
Income taxes paid	(3,359)	(1,794)	(2,236)	(31,276)
Refund of income taxes	469	2,034	1,967	4,374
Depreciation and amortization	8,669	9,069	10,504	80,712
Gain from appreciation of securities		(1,451)		
Loss on impairment of investment securities	547	38	3,634	5,098
Equity in losses (earnings) of unconsolidated subsidiaries and associated companies	49	(170)	(66)	459
Loss on impairment of golf memberships	1,491			13,886
Loss on impairment of long-lived assets	3,847			35,823
Gain on exemption from future pension obligation of the governmental program			(2,880)	
Changes in assets and liabilities, net of effects from newly consolidated and previously unconsolidated subsidiaries and net of effects from merger:				
(Increase) decrease in receivables, net of deferred profit on installment sales	(3,567)	(5,493)	11,709	(33,210)
(Increase) decrease in inventories	(5,183)	3,588	11,109	(48,254)
(Decrease) increase in payables	(597)	5,526	(12,907)	(5,563)
(Decrease) increase in liabilities for employees' retirement benefits	(395)	1,775	2,035	(3,681)
Other—net	1,463	1,474	1,261	13,626
Total adjustments	3,436	14,598	24,129	31,994
Net cash provided by operating activities	22,124	19,748	16,630	205,978
Investing activities:				
Proceeds from sales and redemption of marketable securities	15,069	12,514	3,941	140,299
Purchases of marketable securities	(959)	(1,584)	(500)	(8,935)
Proceeds from sales of property, plant and equipment	329	203	581	3,068
Purchases of property, plant and equipment	(5,286)	(3,740)	(4,433)	(49,221)
Proceeds from sales and redemption of investment securities	6,910	14,308	19,978	64,336
Purchases of investment securities	(24,724)	(31,980)	(21,421)	(230,191)
Payment for purchase of newly consolidated subsidiaries, net of cash acquired....	(556)			(5,182)
Purchase of long-term time deposits	(1,500)	(2,000)	(297)	(13,965)
Net change in other assets	(1,919)	(2,474)	75	(17,868)
Net cash used in investing activities	(12,637)	(14,753)	(2,076)	(117,660)
Financing activities:				
Net decrease in short-term borrowings	(1,661)	(5,825)	(3,955)	(15,468)
Proceeds from long-term liabilities	68		181	639
Repayment of long-term liabilities	(2,094)	(2,941)	(295)	(19,503)
Cash dividends paid	(1,960)	(1,687)	(1,678)	(18,248)
Other—net	(85)	(238)	(206)	(800)
Net cash used in financing activities	(5,733)	(10,693)	(5,955)	(53,381)
Foreign currency translation adjustments on cash and cash equivalents	276	(396)	(303)	2,569
Cash and cash equivalents increased by merger	1,150	15,398	1,293	10,709
Net increase in cash and cash equivalents	5,178	9,304	9,589	48,216
Cash and cash equivalents of newly consolidated subsidiaries	650	2,812		6,051
Cash and cash equivalents excluding previously consolidated subsidiaries			(333)	
Cash and cash equivalents, beginning of year	66,528	54,411	45,155	619,390
Cash and cash equivalents, end of year	¥72,357	¥66,528	¥54,411	\$673,658
Non-cash investing and financing activities:				
Assets increased as a result of consolidation of previously unconsolidated subsidiaries		¥ 15,590		
Liabilities increased as a result of consolidation of previously unconsolidated subsidiaries		8,663		
Assets acquired and liabilities assumed in merger (Note 3):				
Assets: Current assets		46,146		
Non-current assets		59,302		
Total		¥105,448		
Liabilities: Current liabilities		¥ 10,636		
Non-current liabilities		7,189		
Total		¥ 17,825		

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Amada Co., Ltd. and Consolidated Subsidiaries

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements include the accounts of Amada Co., Ltd. (the "Company") and its significant subsidiaries (together, the "Companies").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2004 and 2003 consolidated financial statements in order for them to conform to the classifications and presentations used in 2005.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥107.41 to US\$1, the rate of exchange at March 31, 2005. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

The yen figures presented in the consolidated financial statements are rounded down to millions of yen, except for per share amounts.

b) Principles of consolidation

The consolidated financial statements as of March 31, 2005 include the accounts of the Company and its 50 (48 in 2004 and 45 in 2003) significant subsidiaries.

Under the control-or-influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Investments in 11 (80 in 2004 and 81 in 2003) unconsolidated subsidiaries and 4 (8 in 2004 and 18 in 2003) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized on a straight-line basis principally over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

c) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

d) Allowance for doubtful accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in receivables outstanding.

e) Inventories

Machinery inventory of merchandise, finished products and work in process are stated at cost determined by the specific identification basis. Other inventories are stated at cost determined principally by the moving-average method.

f) Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to be held to maturity, are reported at amortized cost, and available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving average method. For other than temporary declines in fair value, available-for-sale securities are reduced to net realizable value by a charge to income.

g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed principally by the declining-balance method over the estimated useful lives of the assets while the straight-line method is applied to buildings acquired after April 1, 1998. Equipment for finance lease is depreciated by the straight-line method over the respective lease periods (mainly seven years). Equipment for operating lease is depreciated by the declining-balance method over 12 years. Buildings, structures and land for rent are depreciated by the straight-line method over their estimated useful lives.

Estimated useful lives are as follows:

Buildings and structures.....	8 to 60 years
Machinery and equipment.....	2 to 17 years
Equipment for finance lease	Principally 7 years
Equipment for operating lease	Principally 12 years
Buildings, structures and land for rent	8 to 39 years

h) Long-lived assets

In August 2002, the Business Accounting Council issued a Statement of Opinion, *Accounting for Impairment of Fixed Assets*, and in October 2003 the Accounting Standards Board of Japan (ASB) issued ASB Guidance No. 6, *Guidance for Accounting Standard for Impairment of Fixed Assets*. These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The Companies adopted the new accounting standard for impairment of fixed assets as of April 1, 2004. The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The effect of adoption of the new accounting standard for impairment of fixed assets was to decrease income before income taxes and minority interests for the year ended March 31, 2005 by ¥3,847 million (\$35,823 thousand).

i) Land revaluation

Under the "Law of Land Revaluation," promulgated on March 31, 1998 and revised on March 31, 1999 and 2001, the Company effected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation loss represents unrealized depreciation of land and is stated as a component of shareholders' equity. There was no effect on the consolidated statements of operations. Continuous readjustment is not permitted.

As at March 31, 2005, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥6,676 million (\$62,157 thousand).

j) Software

Software development costs, incurred through the completion of a beta version of specific software for sale to the market, are charged to income when incurred. Such costs incurred subsequent to the completion of the beta version are deferred and amortized at the higher of either the amount to be amortized in the proportion of the actual sales volume of the software during the current year to the estimated total sales volume over the estimated salable years of the software or the amount to be amortized by the straight-line method over three years.

The cost of computer software obtained for internal use is principally amortized using the straight-line method over the estimated useful lives of five years.

k) Employees' retirement benefits

The Company has a contributory funded pension plan together with principal domestic group companies covering substantially all of their employees.

l) Retirement allowances for directors and corporate auditors

Retirement allowances for directors and corporate auditors are recorded to state the liability at the amount which would be required if all directors and corporate auditors retired at the balance sheet date (see Note 2).

m) Sales recognition

Domestic sales of machines are recognized upon customer inspection and approval.

Profit arising from installment sales is deferred and amortized over the contracted collection periods.

n) Foreign currency transactions

All current and non-current monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts.

o) Foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at historical rates. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rates.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity.

p) Research and development costs

Research and development costs are generally charged to income as incurred.

q) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset-and-liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Pro forma standard taxation was introduced for fiscal years beginning on and after April 1, 2004, based on a local tax reform law concerning enterprise tax, which was enacted on March 31, 2003 in Japan. As a result, enterprise tax of ¥512 million (\$4,769 thousand), based on added value and capital amount, was recorded.

r) Appropriations of retained earnings

Appropriations of retained earnings at each year-end are reflected in the financial statements for the following year upon shareholders' approval.

s) Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as rental transactions if certain "as-if-capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

t) Derivatives

The Companies use derivative financial instruments ("derivatives") to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency options, interest rate swaps and interest rate swaptions are utilized by the Companies to reduce foreign currency exchange and interest rate risks. The Companies do not enter into derivatives for trading or speculative purposes.

Derivatives and foreign currency transactions are classified and accounted for as follows: i) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of operations and ii) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the maturity of the hedged transactions.

The foreign currency forward contracts and currency options are utilized to hedge foreign currency exposures for import and export transactions. Trade payables and receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts and currency options qualify for hedge accounting. Interest rate swaps and interest rate swaptions are utilized to hedge interest rate exposures of long-term debt. The interest rate swaps which could meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

u) Net income (loss) per share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share was computed based on the weighted-average number of shares which would have been outstanding had all dilutive convertible debentures been converted at the beginning of each period, or on the subsequent date of issue, and all outstanding warrants had been exercised.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

The average number of shares used in computing net income (loss) per share assuming no dilution was 391,954 thousand shares in 2005, 363,703 thousand shares in 2004 and 335,480 thousand shares in 2003. For 2003, 2004 and 2005, fully diluted net income per share is not disclosed because it is anti-dilutive or because of the Company's net loss position.

v) Repair and maintenance expenses arising from outsourcing

Prior to April 1, 2004, repair and maintenance expenses arising from outsourcing were recorded in "Selling, general and administrative expenses" as sales commission.

Effective April 1, 2004, in consideration of the increased monetary importance of these expenses, the Companies reclassified these expenses to "Cost of sales", in order to calculate their profit, income and loss at each stage more appropriately.

The effect of this reclassification was to increase "Cost of sales" for the year ended March 31, 2005 by ¥2,559 million (\$23,831 thousand) and decrease "Gross profit" and "Selling, general and administrative expenses" for the year ended March 31, 2005 by the same amount. Reclassification for this accounting change has not been made in the 2004 and 2003 financial statements to conform to the classification used in 2005.

2 ACCOUNTING CHANGE

Prior to April 1, 2003, no provision was recorded for retirement benefits to be paid to the Company's directors and corporate auditors. Effective April 1, 2003, however, the Company changed its method of accounting for such retirement benefits to an accrual basis to reflect periodic income and expenses more appropriately due to the reformation of the regulation on officers' retirement allowance. The effect of

this change was to decrease income before income taxes for the year ended March 31, 2004 by ¥774 million, which included a cumulative effect of ¥1,212 million at March 31, 2003. This cumulative effect was included in other expenses in the 2004 consolidated statement of operations.

3 MERGER WITH AMADA MACHINICS

In accordance with the merger agreement approved at the General Meeting of Shareholders of the Company and Amada Machinics Co., Ltd. held on June 27, 2003, the Company merged with Amada Machinics on October 1, 2003.

The Company issued 67,686 thousand shares to the shareholders of Amada Machinics, which resulted in an increase in the capital surplus account of the Company of ¥45,416 million.

4 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 13%, 16% and 15% of consolidated net sales in the years ended March 31, 2005, 2004 and 2003, respectively.

Annual maturities of notes—trade at March 31, 2005, and related amortization of deferred profit on installment sales were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Receivables	Deferred profit on installment sales	Receivables	Deferred profit on installment sales
Total notes receivable (Years ending March 31):				
2006	¥ 29,794	¥ 5,074	\$ 277,389	\$ 47,245
2007	14,043	4,349	130,748	40,495
2008	11,302	3,680	105,231	34,267
2009	8,682	2,912	80,834	27,118
2010	5,991	2,064	55,780	19,221
2011 and thereafter	4,731	1,667	44,047	15,528
Subtotal	74,546	19,750	694,033	183,876
Less—notes from unconsolidated subsidiaries and associated companies	(320)		(2,985)	
Add—accounts receivable	57,171		532,270	
Total notes and accounts receivable	<u>¥131,396</u>	<u>¥19,750</u>	<u>\$1,223,317</u>	<u>\$183,876</u>

5 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Current:			
Government and corporate bonds	¥10,304	¥11,107	\$ 95,933
Trust fund investments and other	1,027	3,877	9,562
Total	¥11,331	¥14,984	\$105,496
Non-current:			
Marketable equity securities	¥12,441	¥12,389	\$115,829
Government and corporate bonds	43,473	39,645	404,747
Trust fund investments and other	24,803	23,619	230,922
Total	¥80,718	¥75,654	\$751,499

The carrying amounts and aggregate fair values of the securities classified as available-for-sale and held-to-maturity securities at March 31, 2005 and 2004 were as follows:

March 31, 2005	Millions of yen			Fair value
	Cost	Unrealized gains	Unrealized losses	
Available-for-sale:				
Equity securities	¥ 5,390	¥7,167	¥ 117	¥12,441
Government and corporate bonds	55,082	308	1,940	53,450
Trust fund investments and other	21,269	540	538	21,271
Total	¥81,743	¥8,016	¥2,596	¥87,163
Held-to-maturity	¥ 300	¥ 0		¥ 300

March 31, 2004	Millions of yen			Fair value
	Cost	Unrealized gains	Unrealized losses	
Available-for-sale:				
Equity securities	¥ 5,308	¥7,093	¥ 12	¥12,389
Government and corporate bonds	50,642	229	1,122	49,749
Trust fund investments and other	21,824	559	495	21,889
Total	¥77,775	¥7,882	¥1,630	¥84,028
Held-to-maturity	¥ 300		¥ 0	¥ 299

March 31, 2005	Thousands of U.S. dollars			Fair value
	Cost	Unrealized gains	Unrealized losses	
Available-for-sale:				
Equity securities	\$ 50,188	\$66,729	\$ 1,089	\$115,829
Government and corporate bonds	512,825	2,875	18,069	497,631
Trust fund investments and other	198,025	5,030	5,017	198,038
Total	\$761,039	\$74,635	\$24,176	\$811,499
Held-to-maturity	\$ 2,793	\$ 2		\$ 2,795

The bonds which are booked as cash and cash equivalents in the consolidated balance sheets are included in "available-for-sale" securities above.

The carrying amounts of available-for-sale securities whose fair values are not readily determinable as of March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Available-for-sale:			
Equity securities	¥3,143	¥3,581	\$29,266
Investments in partnership and other	916	1,420	8,530
Total	¥4,059	¥5,001	\$37,797

Proceeds from sales of available-for-sale securities for the years ended March 31, 2005 and 2004 were ¥2,233 million (\$20,797 thousand) and ¥3,004 million, respectively. Gross realized gains and losses on these sales, computed on a moving average cost basis, were

¥45 million (\$428 thousand) and ¥430 million (\$4,004 thousand), respectively, for the year ended March 31, 2005 and ¥155 million and ¥324 million, respectively, for the year ended March 31, 2004.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2005 are as follows:

	Available-for-sale		Held-to-maturity	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
Due in one year or less	¥10,904	\$101,525		
Due after one year through five years	27,747	258,331		
Due after five years through ten years	11,645	108,419	¥300	\$2,793
Due after ten years	12,438	115,807		
Total	¥62,736	\$584,084	¥300	\$2,793

6 INVENTORIES

Inventories at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Merchandise	¥27,787	¥19,994	\$258,703
Finished products	7,975	8,581	74,249
Work in process	3,973	3,775	36,997
Raw materials and parts	7,633	6,113	71,071
Total	¥47,370	¥38,464	\$441,020

A substantial portion of the Companies' sales is composed of products manufactured by associated companies. Purchases of merchandise from unconsolidated subsidiaries and associated companies amounted to ¥3,962 million (\$36,894 thousand), ¥9,772 million and ¥30,225 million for the years ended March 31, 2005, 2004 and 2003, respectively. As the result of the merger with Amada Machinics Co., Ltd., the amount at March 31, 2005 and 2004 decreased compared with that at March 31, 2003.

7 LONG-LIVED ASSETS

The Companies reviewed their long-lived assets for impairment as of the year ended March 31, 2005 and, as a result, recognized an impairment loss of ¥3,847 million (\$35,823 thousand) as other expense for a certain asset group—the group of assets held for rent, assets held for sale and unused assets—due to a decrease in operating income and a continuous fall in land prices, and the carrying amount of the relevant assets was written down to the recoverable amount. The recoverable

amount of that asset group, except for a part of assets held for rent, was measured at its net selling price determined by a quotation from a third-party vendor and inheritance tax law. The recoverable amount of a part of assets held for rent was measured at its value in use and the discount rate used for the computation of the present value of future cash flows was 6.5%.

8 SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Interest rates ranging from 0.70% to 5.75% at March 31, 2005 and from 0.74% to 7.12% at March 31, 2004	¥6,809	¥5,391	\$63,392

Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Unsecured U.S. dollar loans, 6.28% (5.43% to 6.28% in 2004), due 2005	¥1,563	¥3,750	\$14,551
Loan from banks, 2.59% to 6.0% (2.58% to 6.0% in 2004), due serially to 2013			
Collateralized	291	149	2,715
Unsecured	234		2,185
Total	2,089	3,900	19,452
Less—current portion	(1,614)	(2,153)	(15,030)
Long-term debt, less current portion	¥ 474	¥1,746	\$ 4,422

The annual maturities of long-term debt at March 31, 2005 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2006	¥1,614	\$15,030
2007	30	282
2008	62	586
2009		
2010	114	1,068
2011 and thereafter	266	2,484
Total	¥2,089	\$19,452

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥21 million (\$203 thousand) and long-term debt of ¥269 million (\$2,512 thousand) at March 31, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2005	2005
Short-term investments	¥240	\$2,235
Building and structures—net	275	2,565
Machinery and equipment—net	21	202

9 DEPOSITS RECEIVED

Deposits received are collateralized by buildings, structures and land for rent having a book value of ¥2,851 million (\$26,543 thousand) of ¥3,986 million (\$37,111 thousand) at March 31, 2005.

10 RETIREMENT AND PENSION PLANS

The Company and domestic consolidated subsidiaries have retirement and pension plans for employees.

Under the contributory pension plan, employees terminating their employment are in most circumstances entitled to pension distributions based on the average rate of pay at the time of termination, period of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and the annuity payments from a trustee. Employees are entitled to greater payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Company on behalf of the government and a corporate portion established at the discretion of the Company. In accordance with the enactment of the Defined Benefit Pension Plan Law in April 2002, the Company applied for an exemption from the obligation to pay

benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government by another subsequent application. The Company obtained an approval of exemption from future obligation by the Ministry of Health, Labour and Welfare on January 1, 2003.

As a result of this exemption, the Company and certain subsidiaries recognized a gain on exemption from future pension obligation of the governmental program in the amount of ¥2,880 million in accordance with a transitional measurement of the accounting standard for employees' retirement benefits for the year ended March 31, 2003.

The substitutional portion of the plan assets which would be transferred to the government in the subsequent year was measured to be approximately ¥10,380 million at March 31, 2003.

Effective April 1, 2004, the Company and domestic consolidated subsidiaries revised their contributory funded defined benefit pension plans to a cash balance pension plan.

Retirement allowances for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Japanese Commercial Code.

The liability for employees' retirement benefits at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Projected benefit obligation	¥33,524	¥32,516	\$312,120
Fair value of plan assets	(18,395)	(16,649)	(171,268)
Unrecognized prior service cost	9,467	9,805	88,148
Unrecognized actuarial gain	(7,520)	(9,203)	(70,018)
Net liability	¥17,076	¥16,469	\$158,980

The effect of revision of the pension plan described above was to decrease unrecognized prior service cost at January 23, 2004 by ¥10,648 million (\$100,753 thousand).

The components of net periodic benefit costs for the years ended March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Service cost	¥ 948	¥1,141	\$ 8,826
Interest cost	839	863	7,820
Expected return on plan assets	(444)		(4,142)
Amortization of prior service cost	(1,043)	(203)	(9,710)
Recognized actuarial loss	1,383	1,574	12,877
Net periodic benefit costs	¥1,683	¥3,376	\$15,671

Assumptions used for the years ended March 31, 2005 and 2004 are set forth as follows:

	2005	2004
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	2.5%	
Amortization period of prior service cost	10 years	10 years
Recognition period of actuarial gain/loss	10 years	10 years

11 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in

normal effective statutory tax rates of approximately 40.6%, 42% and (42%) for the years ended March 31, 2005, 2004 and 2003, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Deferred tax assets:			
Allowance for doubtful accounts.....	¥ 1,048	¥ 1,143	\$ 9,762
Tax loss carryforwards	1,453	5,284	13,531
Inventories—intercompany profits and write-downs	2,352	1,009	21,903
Enterprise taxes payable	472	103	4,403
Provisions for bonus payment.....	643	508	5,993
Deferred profit on installment sales.....	136	150	1,271
Investment securities.....	1,242	1,291	11,569
Research and development costs.....	3,220	3,443	29,983
Pension and severance costs—prior service cost	6,730	6,573	62,660
Retirement allowance for directors and corporate auditors.....	252	327	2,349
Loss on impairment of long-lived assets.....	1,474		13,728
Property, plant and equipment—intercompany profits and depreciation expenses	1,517	1,249	14,127
Land revaluation difference	4,408	4,334	41,042
Loss on impairment of golf club memberships	884	270	8,231
Other.....	1,435	1,517	13,363
Less valuation allowance.....	(7,233)	(6,837)	(67,346)
Total.....	<u>20,040</u>	<u>20,372</u>	<u>186,576</u>
Deferred tax liability:			
Property, plant and equipment—special reserve	(1,466)	(1,548)	(13,650)
Land revaluation difference	(1,117)	(775)	(10,407)
Unrealized gain on available-for-sale securities.....	(2,291)	(2,549)	(21,333)
Other.....	(696)	(456)	(6,484)
Total.....	<u>(5,572)</u>	<u>(5,330)</u>	<u>(51,876)</u>
Net deferred tax assets	<u>¥14,468</u>	<u>¥15,042</u>	<u>\$134,699</u>
Deferred tax liability:			
Other.....	¥ 30	¥ 30	\$ 279
Total.....	<u>30</u>	<u>30</u>	<u>279</u>
Deferred tax assets:			
Other.....	(1)	(1)	(12)
Total.....	<u>(1)</u>	<u>(1)</u>	<u>(12)</u>
Net deferred tax liability.....	<u>¥ 28</u>	<u>¥ 29</u>	<u>\$ 267</u>

A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2005, 2004 and 2003 and the actual

effective tax rates reflected in the accompanying consolidated statements of operations is as follows:

	2005	2004	2003
Normal effective statutory tax rate.....	40.6%	42.0%	(42.0)%
Increase (decrease) in tax rate resulting from:			
Expenses not deductible for income tax purposes	3.4	7.4	9.9
Non-taxable dividend income	(0.8)	(3.1)	(7.6)
Inhabitants' tax—per capita.....	0.4	1.5	0.8
Change in valuation allowance	(3.5)	46.1	11.6
Elimination of intercompany dividend income	1.3	4.4	4.3
Lower income tax rates applicable to income in certain foreign countries	(3.9)	(4.7)	4.2
Elimination of deferred tax assets due to nonqualified merger			6.4
Effect of tax rate reduction.....		(1.4)	6.3
Other—net.....	0.8	(0.8)	0.1
Actual effective tax rate	38.3%	91.4%	(6.0)%

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 42.0% to 40.4%, effective for years beginning on or after April 1, 2004. The effect of this change was to decrease deferred tax assets—non-current by ¥507 million, increase income taxes—deferred by ¥470 million, and increase net unrealized loss on available-for-sale securities by ¥36 million in the consolidated financial statements for the year ended March 31, 2003. The effect of this change on deferred taxes in the consolidated statements of

operations for the year ended March 31, 2003 was to increase net loss by ¥470 million.

At March 31, 2005, certain subsidiaries have tax loss carryforwards aggregating approximately ¥3,930 million (\$36,593 thousand), which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire for the years ending March 31, 2010 and thereafter.

12 SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value, and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and the legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and the legal reserve to common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amounts of common stock, additional paid-in capital or the legal reserve to be reduced in the case where such reduction was resolved at the shareholders' meeting.

The Special Taxation Measures Law in Japan permits companies to take tax deductions for certain reserves if provided through the appropriation of retained earnings. Under Japanese tax laws, these reserves must be reversed to income in future years. The deferred gains included in retained earnings provided under the Special Taxation Measures Law at March 31, 2005 and 2004 were ¥2,265 million (\$21,095 thousand) and ¥2,371 million, respectively.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥109,185 million (\$1,016,532 thousand) as of March 31, 2005, based on the amount recorded in the Company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the end of the fiscal year to which the dividends are applicable. However, a semiannual interim dividend may be paid upon resolution of the Board of Directors subject to limitations imposed by the Code.

At the general shareholders' meeting of the Company held on June 29, 2004, the Company's shareholders approved the following stock option plan. The plan provides for granting options to the directors, executive advisers and key employees of the Company to purchase up to 1,306 thousand shares of the Company's common stock in the period from July 1, 2006 to June 30, 2011.

The options will be exercisable at ¥600. The exercise price will be subject to adjustment if there are stock split-ups, stock split-downs or additional shares issued for less than the market price.

13 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2005, 2004 and 2003 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Commissions earned	¥ 376	¥ 582	¥ 555	\$3,503
Loss on sales of marketable securities	(430)	(70)	(96)	(4,004)
Loss on sales of investment securities		(254)	(44)	
Loss on impairment of investment securities.....	(547)	(38)	(3,634)	(5,098)
Gain on revaluation of marketable securities		1,451		
Foreign exchange gain (loss).....	737	(526)	(722)	6,865
Income from collection on previously written-off security	688			6,406
Cumulative effect of accounting change for retirement benefits to directors and corporate auditors.....		(1,212)		
Gain on exemption from future pension obligation of the governmental program			2,880	
Employees' retirement special benefits			(2,505)	
Other	178	1,261	130	1,665
Total	¥1,003	¥1,192	¥(3,436)	\$9,338

14 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥6,380 million (\$59,404 thousand), ¥7,161 million and ¥6,345 million for the years ended March 31, 2005, 2004 and 2003, respectively.

15 LEASES

a) Lessee

The Companies lease certain equipment and other assets.

Total lease payments were ¥592 million (\$5,512 thousand), ¥347 million and ¥289 million for the years ended March 31, 2005, 2004 and 2003, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as-if-capitalized" basis for the years ended March 31, 2005 and 2004 is as follows:

	Millions of yen			Thousands of U.S. dollars		
	2005			2005		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
Acquisition cost	¥2,762	¥136	¥2,899	\$25,720	\$1,272	\$26,992
Accumulated depreciation.....	1,506	80	1,587	14,028	747	14,776
Net leased property	¥1,255	¥ 56	¥1,312	\$11,691	\$ 525	\$12,216

	Millions of yen		
	2004		
	Machinery and equipment	Other assets	Total
Acquisition cost	¥1,922	¥97	¥2,020
Accumulated depreciation.....	1,187	73	1,260
Net leased property	<u>¥ 734</u>	<u>¥24</u>	<u>¥ 759</u>

Pro forma information of leased property such as obligations under finance leases that do not transfer ownership of the leased property to the lessee on an "as-if-capitalized" basis for the years ended March 31, 2005 and 2004 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Obligations under finance leases:			
Due within one year	¥ 520	¥371	\$ 4,845
Due after one year	791	387	7,371
Total	<u>¥1,312</u>	<u>¥759</u>	<u>\$12,216</u>

The amount of obligations under finance leases includes the imputed interest expense portion. Depreciation expense, which was not reflected in the consolidated statements of operations, computed by the

straight-line method was ¥592 million (\$5,512 thousand) for the year ended March 31, 2005.

The minimum rental commitments under non-cancelable operating leases at March 31, 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Operating leases:			
Due within one year	¥ 373	¥365	\$3,475
Due after one year	684	548	6,370
Total	<u>¥1,057</u>	<u>¥913</u>	<u>\$9,846</u>

b) Lessor

The Companies also have a number of lease agreements as lessor, primarily for certain machinery, equipment and other assets.

Total lease income was ¥4,776 million (\$44,469 thousand), ¥5,193 million and ¥5,960 million for the years ended March 31, 2005, 2004 and 2003, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as-if-capitalized" basis for the years ended March 31, 2005 and 2004 is as follows:

	Millions of yen			Thousands of U.S. dollars		
	2005			2005		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
Acquisition cost.....	¥21,169	¥427	¥21,596	\$197,089	\$3,981	\$201,070
Accumulated depreciation	13,116	281	13,397	122,111	2,623	124,735
Net leased property	<u>¥ 8,053</u>	<u>¥145</u>	<u>¥ 8,199</u>	<u>\$ 74,977</u>	<u>\$1,357</u>	<u>\$ 76,335</u>

	Millions of yen		
	2004		
	Machinery and equipment	Other assets	Total
Acquisition cost	¥17,998	¥370	¥18,369
Accumulated depreciation.....	9,420	201	9,621
Net leased property	<u>¥ 8,578</u>	<u>¥169</u>	<u>¥ 8,747</u>

Pro forma information of leased property such as obligations under finance leases that do not transfer ownership of the leased property to the lessee on an "as-if-capitalized" basis for the years ended March 31, 2005 and 2004 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Receivables under finance leases:			
Due within one year	¥ 3,423	¥ 3,637	\$ 31,877
Due after one year	9,048	9,938	84,244
Total.....	<u>¥12,472</u>	<u>¥13,576</u>	<u>\$116,121</u>

Depreciation expense was ¥2,663 million (\$24,800 thousand) and ¥2,805 million for the years ended March 31, 2005 and 2004, respectively.

Interest income, which was not reflected in the consolidated statements of operations, computed by the interest method was ¥1,010 million

(\$9,410 thousand) and ¥1,124 million for the years ended March 31, 2005 and 2004, respectively.

The minimum rental commitments under non-cancelable operating leases at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Operating leases:			
Due within one year	¥ 946	¥ 843	\$ 8,808
Due after one year	8,684	9,078	80,853
Total	¥9,630	¥9,921	\$89,661

16 CONTINGENT LIABILITIES

At March 31, 2005 and 2004, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Customers' (114 companies in 2005 and 81 companies in 2004) bank loans	¥ 931	¥ 683	\$ 8,672
Payment for subcontract companies from factoring companies	2,638	1,463	24,561

17 DERIVATIVES

The Companies enter into derivatives, including foreign exchange forward contracts and currency options, to hedge foreign exchange risk associated with notes and accounts receivable denominated in foreign currencies. The Companies also enter into interest rate swap contracts and interest rate swaption contracts to manage their interest rate exposures on certain liabilities. It is the Companies' policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities. The Companies do not hold or issue derivatives for trading purposes.

Derivatives are subject to market risk and credit risk. All derivative transactions, however, are entered into to hedge foreign currency and interest exposures incorporated within the Companies' business; therefore, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. Because the counterparties to these derivatives are limited to major domestic banks, the Companies do not anticipate any losses arising from credit risk.

The execution and understanding of derivatives are carried out by the Company's Finance Department. The Finance Department also reports monthly the contractual amounts and other information related to derivatives to the Accounting Department, where monitoring of derivatives is performed. The Finance Department's review procedures are focused on whether the derivatives are being effective as a means of hedging, whether they are used within the balances of assets and liabilities and whether the Companies are exposed to a large amount of risk.

All forward exchange contracted amounts and currency options are assigned to associated assets or liabilities and are reflected on the consolidated balance sheets at year-end, and all interest rate swaps meet specific matching criteria, so the market value information is not disclosed.

18 RELATED PARTY TRANSACTIONS

The Companies paid a legal fee to Chikara Shinozuka, a corporate auditor of the Company. Transactions with Chikara Shinozuka were ¥4 million (\$44 thousand) and ¥2 million for the years ended March 31, 2005 and 2004, respectively.

19 SEGMENT INFORMATION

The Company operates in the following industries.

Industry A consists of machine tools.

Industry B consists of real estate rental income.

The Company disclosed information about industry segments for the year ended March 31, 2004 due to the materiality of the industry of real estate rental income as a result of the merger with Amada Machinics Co., Ltd.

a) Industry Segments

I. Sales and Operating Income (Loss)

	Millions of yen				
	2005				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Sales to customers	¥198,846	¥1,639	¥610		¥201,097
Intersegment sales		425	0	¥(425)	
Total sales	198,846	2,065	611	(425)	201,097
Operating expenses	178,128	1,248	632	(425)	179,583
Operating income (loss)	¥ 20,718	¥ 816	¥ (21)		¥ 21,513

II. Total Assets, Depreciation and Capital Expenditures

	Millions of yen				
	2005				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Total assets	¥315,052	¥16,800	¥1,060	¥142,310	¥475,224
Depreciation	8,234	365	68		8,669
Impairment loss	3,847				3,847
Capital expenditures	5,817	699	21		6,538

The effect of the adoption of the accounting for impairment of fixed assets in Note 1 (h) was to decrease the assets of Industry A for the year ended March 31, 2005 by ¥3,847 million (\$35,823 thousand).

I. Sales and Operating Income

	Thousands of U.S. dollars				
	2005				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Sales to customers	\$1,851,285	\$15,267	\$5,684		\$1,872,237
Intersegment sales		3,957	5	\$(3,963)	
Total sales	1,851,285	19,225	5,690	(3,963)	1,872,237
Operating expenses	1,658,393	11,619	5,892	(3,963)	1,671,941
Operating income (loss)	\$ 192,892	\$ 7,605	\$ (202)		\$ 200,296

II. Total Assets, Depreciation and Capital Expenditures

	Thousands of U.S. dollars				
	2005				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Total assets	\$2,933,172	\$156,418	\$9,869	\$1,324,931	\$4,424,393
Depreciation	76,665	3,405	641		80,712
Impairment loss	35,823				35,823
Capital expenditures	54,164	6,510	201		60,876

I. Sales and Operating Income (Loss)

	Millions of yen				
	2004				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Sales to customers	¥162,546	¥1,448	¥620		¥164,614
Intersegment sales		274	0	¥(275)	
Total sales	162,546	1,723	621	(275)	164,614
Operating expenses	160,726	1,087	631	(275)	162,169
Operating income (loss)	¥ 1,820	¥ 635	¥ (10)		¥ 2,445

II. Total Assets, Depreciation and Capital Expenditures

	Millions of yen				
	2004				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Total assets.....	¥299,991	¥16,407	¥939	¥139,944	¥457,283
Depreciation.....	8,721	276	71		9,069
Capital expenditures.....	5,076	47	15		5,139

Corporate assets principally consist of cash and cash equivalents, short-term investments and investment securities of the Company.

Corporate assets were ¥142,360 million (\$1,325,395 thousand) and ¥139,944 million for the years ended March 31, 2005 and 2004, respectively.

Information about geographic segments and sales to foreign customers of the Companies for the years ended March 31, 2005, 2004 and 2003 is as follows:

b) Geographical Segments

The geographical segments of the Companies for the years ended March 31, 2005, 2004 and 2003 were summarized as follows:

	Millions of yen						
	2005						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers	¥125,919	¥26,643	¥31,313	¥16,310	¥910		¥201,097
Interarea	26,901	572	3,047	1,143	19	¥(31,684)	
	152,820	27,215	34,360	17,453	930	(31,684)	201,097
Operating expenses.....	137,696	25,216	31,760	15,519	940	(31,551)	179,583
Operating (loss) income	¥ 15,124	¥ 1,999	¥ 2,599	¥ 1,934	¥ (10)	¥ (133)	¥ 21,513
II. Assets	¥281,466	¥32,221	¥47,948	¥17,823	¥799	¥ 94,964	¥475,224

The effect of the adoption of the accounting for impairment of fixed assets in Note 1 (h) was to decrease the assets of Japan for the year ended March 31, 2005 by ¥3,847 million (\$3,823 thousand).

	Thousands of U.S. dollars						
	2005						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers	\$1,172,324	\$248,053	\$291,530	\$151,849	\$8,479		\$1,872,237
Interarea	250,456	5,329	28,372	10,644	181	\$(294,985)	
	1,422,781	253,383	319,903	162,494	8,660	(294,985)	1,872,237
Operating expenses.....	1,281,974	234,766	295,697	144,488	8,760	(293,746)	1,671,941
Operating (loss) income	\$ 140,806	\$ 18,616	\$ 24,205	\$ 18,005	\$ (99)	\$ (1,238)	\$ 200,296
II. Assets	\$2,620,482	\$299,985	\$446,405	\$165,941	\$7,443	\$ 884,135	\$4,424,393

	Millions of yen						
	2004						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers.....	¥103,756	¥20,818	¥26,474	¥13,028	¥536		¥164,614
Interarea	16,777	637	2,075	631	6	¥(20,128)	
	120,533	21,455	28,550	13,660	543	(20,128)	164,614
Operating expenses.....	118,902	23,137	27,595	12,704	577	(20,749)	162,169
Operating (loss) income	¥ 1,630	¥ (1,682)	¥ 954	¥ 956	¥ (33)	¥ 620	¥ 2,445
II. Assets	¥275,794	¥31,785	¥36,891	¥15,442	¥503	¥ 96,865	¥457,283

	Millions of yen						
	2003						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers	¥ 84,371	¥25,341	¥25,315	¥10,146	¥251		¥145,425
Interarea	11,546	480	1,480	268	0	¥(13,777)	
	95,917	25,822	26,795	10,415	251	(13,777)	145,425
Operating expenses	102,445	29,956	26,598	9,829	335	(18,706)	150,458
Operating (loss) income	¥ (6,528)	¥ (4,134)	¥ 197	¥ 585	¥ (83)	¥ 4,929	¥ (5,033)
II. Assets	¥248,130	¥43,879	¥33,907	¥11,885	¥305	¥ 53,939	¥392,047

Corporate assets principally consist of cash and cash equivalents, short-term investments and investment securities of the Company.

Corporate assets were ¥142,360 million (\$1,325,395 thousand), ¥139,944 million and ¥88,012 million for the years ended March 31, 2005, 2004 and 2003, respectively.

c) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2005, 2004 and 2003 were as follows:

	Millions of yen				
	2005				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	¥26,312	¥31,776	¥22,828	¥2,047	¥82,964

	Thousands of U.S. dollars				
	2005				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	\$244,972	\$295,839	\$212,535	\$19,058	\$772,405

	Millions of yen				
	2004				
	North America	Europe	Asia	Others	Total
Sales to foreign customers.....	¥20,753	¥26,833	¥17,870	¥1,069	¥66,526

	Millions of yen				
	2003				
	North America	Europe	Asia	Others	Total
Sales to foreign customers.....	¥25,045	¥25,425	¥12,850	¥ 700	¥64,021

20 SUBSEQUENT EVENTS

Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2005 were approved by the shareholders at the Company's general shareholders' meeting held on June 29, 2005.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥10.00 (\$0.09) per share	¥3,918	\$36,482
Bonuses to directors and corporate auditors.....	98	912

Independent Auditors' Report

Deloitte.

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4-13-23, Shibaura
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Japan
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www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Amada Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Amada Co., Ltd. (the "Company") and consolidated subsidiaries (together, the "Companies") as of March 31, 2005 and 2004, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amada Co., Ltd. and consolidated subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2005, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for retirement benefits to directors and corporate auditors as of April 1, 2003.

As discussed in Note 1(h) to the consolidated financial statements, the Companies adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 29, 2005

AMADA CO., LTD.

Head Office

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-1111
Facsimile: 81-463-94-9781
URL: <http://www.amada.co.jp/>

Fujinomiya Plant

7020, Kitayama, Fujinomiya,
Shizuoka 418-0012, Japan
Phone: 81-544-54-2111
Facsimile: 81-544-54-1900

Ono Plant

56, Hatacho, Ono,
Hyogo 675-1377, Japan
Phone: 81-794-62-5931
Facsimile: 81-794-62-4351

Isehara Plant

806, Takamori, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-91-8066
Facsimile: 81-463-96-3278

PRINCIPAL DOMESTIC GROUP COMPANIES

Amada Cutting Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3351
Facsimile: 81-463-96-0109

Major Activities: Manufacture, sales and after-sales service of Amada bandsaw machines and sales of blades

Nicotec Co., Ltd.*

15-12, Tamagawa Denenchofu 1-chome,
Setagaya-ku, Tokyo 158-0085, Japan
Phone: 81-3-3722-5995
Facsimile: 81-3-3721-6092

Major Activities: Sales of Amada products for the sales agent market and the manufacture and sales of metalworking machines and machine tools

Amada Press Technology Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3222
Facsimile: 81-463-93-7515

Major Activities: Manufacture, sales and after-sales service of Amada presses and press tools

Tecno Wasino Co., Ltd.*

2-158, Nakashima, Shimoobari,
Komaki, Aichi 485-0051, Japan
Phone: 81-568-71-8821
Facsimile: 81-568-71-8850

Major Activities: Manufacture and sales of machine tools, mainly CNC lathes and CNC grinders

Amada Lease Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3663
Facsimile: 81-463-96-2382
Major Activities: Lease of metalworking machines and machine tools and related products

Amada Butsuryu Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3334
Facsimile: 81-463-93-1300
Major Activities: Distribution service and agency for exporting and importing Amada products

Amada Soft Service Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3476
Facsimile: 81-463-96-3477
Major Activities: Manufacture and sales of software for machine tools and sheet-metalworking machines

Amada Ailink Service Co., Ltd.*

15-14, Noge 2-chome,
Setagaya-ku, Tokyo 158-0092, Japan
Phone: 81-3-5758-5622
Facsimile: 81-3-5706-6636

Major Activities: Information service and sales intermediation for metalworking machines and electric equipment through the Internet

PRINCIPAL OVERSEAS GROUP COMPANIES

NORTH AMERICA

Amada America, Inc.*

7025 Firestone Blvd.,
Buena Park, CA 90621, U.S.A.
Phone: 1-714-739-2111
Facsimile: 1-714-739-4099

Major Activities: Manufacture, sales and after-sales service of Amada products for the North American market

Amada Cutting Technologies, Inc.*

14849 E. Northam St.,
La Mirada, CA 90638, U.S.A.
Phone: 1-714-670-1704
Facsimile: 1-714-670-2017

Major Activities: Sales and after-sales service of Amada bandsaw machines and blades for the North American market

Amada Laser America Inc.*

11100 Alcovy Road,
Covington, GA 30014, U.S.A.
Phone: 1-770-385-5114
Facsimile: 1-770-788-9051

Major Activities: Sales and after-sales service of Amada laser cutting machines for the North American market

Metalsoft, Inc.*

17320 Red Hill Avenue, Irvine,
California 92614, U.S.A.
Phone: 1-949-231-1421
Facsimile: 1-714-443-5036

Major Activities: Research and development of software for machine tools and sheet-metalworking machines

Wasino Corp. USA*

4070 Winnetka Avenue, Rolling Meadows,
IL 60008, U.S.A.
Phone: 1-847-797-8700
Facsimile: 1-847-797-5644

Major Activities: Sales and after-sales service of machines and tools, mainly CNC lathes and CNC grinders for the North American market

Amada Canada Ltd.*

885, Avenue Georges Cros, Granby,
Quebec J2J 1E8, Canada
Phone: 1-450-378-0111
Facsimile: 1-450-378-4903

Major Activities: Sales and after-sales service of Amada products for the Canadian market

EUROPE

Amada United Kingdom Limited*

Spennells Valley Road, Kidderminster,
Worcestershire DY10 1XS, U.K.
Phone: 44-1562-749-500
Facsimile: 44-1562-749-510

Major Activities: Sales and after-sales service of Amada products mainly for the U.K. market

Amada GmbH*

Westfalenstr. 6, D-42781 Haan, Germany
Phone: 49-2129-57901
Facsimile: 49-2129-59182

Major Activities: Sales and after-sales service of Amada products for the European market

Amada Europe S.A.*

ZI Paris Nord 2, 96, Avenue de la Pyramide,
BP 41040 Roissy en France
95912 Roissy CDG Cedex, France
Phone: 33-1-4990-3000
Facsimile: 33-1-4990-3199

Major Activities: Development, manufacture, and sales of metalworking machines and machine tools

Amada S.A.*

ZI Paris Nord 2, 96, Avenue de la Pyramide,
BP 41040 Roissy en France
95912 Roissy CDG Cedex, France
Phone: 33-1-4990-3000
Facsimile: 33-1-4990-3199

Major Activities: Sales and after-sales service of Amada products for the European market

Amada Europe Software Support Call Center, S.A.S.*

ZI Paris Nord 2, 96, Avenue de la Pyramide,
BP 41040 Roissy en France
95912 Roissy CDG Cedex, France
Phone: 33-1-4990-3004
Facsimile: 33-1-4990-7637

Major Activities: Development, sales, maintenance and operating support for software and information network systems used in sheet-metalworking machinery

Amada Italia S.r.l.*

Via Artigiani 21/23, loc. Cabina,
29020 Vigolzone, Piacenza, Italy
Phone: 39-0523-872111
Facsimile: 39-0523-872101

Major Activities: Sales and after-sales service of Amada products mainly for the Italian market

CREA S.r.l.*

Via Asti, 43 10026 Santena, Turin, Italy
Phone: 39-011-9496211
Facsimile: 39-011-9496296

Major Activities: Research and development of metalworking machines

Amada Maquinaria S.I.*

Calle Marina N. 12/14, Cornella De Llobregat,
08940 Barcelona, Spain
Phone: 34-93-4742725
Facsimile: 34-93-3779196

Major Activities: Sales and after-sales service of Amada products mainly for the Spanish market

Amada Austria GmbH*

Wassergasse 1, A-2630 Ternitz, Austria
Phone: 43-2630-35170
Facsimile: 43-2630-35165

Major Activities: Manufacture and sales of bandsaw blades and punches and dies

Amada Sweden AB*

P.O Box 633, Borgens Gata 16-18,
441-17 Alingsas, Sweden
Phone: 46-32-21-8900
Facsimile: 46-32-26-37180

Major Activities: Sales and after-sales service of Amada products for the Swedish market

Amada Limited Liability Company*

4-j Roschinsky proezd, 20, str. 9
Moscow 115191, Russian Federation
Phone: 7-095-518-96-50
Facsimile: 7-095-518-96-51

Major Activities: Sales and after-sales service of Amada products for the Russian market

ASIA

Amada Taiwan Inc.*

No. 21, Wenming Rd., Linkou 3 Ind. Park,
Kweishan, Taoyuan Hsien, Taiwan
Phone: 886-3-328-3511
Facsimile: 886-3-328-4200

Major Activities: Sales and after-sales service of Amada products for the Taiwanese market

Amada Taiwan Precision Machines, Inc.*

No. 4, Industry North 6th Road,
Nankung Industrial Park, Nantou City, Taiwan
Phone: 886-49-225-1387
Facsimile: 886-49-225-3442

Major Activities: Manufacture of Amada bandsaw machines

Amada Hong Kong Co., Ltd.*

Unit 1808, 18/F Miramar Tower,
1 Kimberley Road, Tsimshatsui, Kowloon,
Hong Kong, S.A.R., People's Republic of China
Phone: 852-2868-9186
Facsimile: 852-2521-1363

Major Activities: Holding shares for investment as well as international trading and sales of Amada products for the Chinese market

Beijing Amada Machine & Tooling Co., Ltd.*

No. 3, 705 Yong Chang Bei Lu, Beijing
Economic Technological Development Area,
People's Republic of China
Phone: 86-10-6786-9380
Facsimile: 86-10-6786-9392

Major Activities: Manufacture and sales of punches and dies for punch presses and sales and after-sales service of Amada products for the Chinese market

Amada Lianyungang Machinery Co., Ltd.*

No. 18, Hailian West Road,
Xinpu, Lianyungang, Jiangsu,
People's Republic of China
Phone: 86-518-548-7565
Facsimile: 86-518-548-7570

Major Activities: Manufacture, sales, and after-sales service of bandsaw machines and blades for the Chinese market

Amada Shanghai Punch & Shear Co., Ltd.**

No. 202, Yun Ling East Road,
Shanghai, People's Republic of China
Phone: 86-21-5281-1540
Facsimile: 86-21-5280-7737

Major Activities: Manufacture, sales, and after-sales service of metalworking machines for the Chinese market

Amada International Industry & Trading (Shanghai) Co., Ltd.*

No. 629, Xi Huan Road, Min Hang District,
Shanghai, People's Republic of China
Phone: 86-21-6212-1111
Facsimile: 86-21-6240-4105

Major Activities: Sales and after-sales service of Amada products for the Chinese market and international trading

Amada International Trading (Shenzhen) Co., Ltd.*

Rms. 801-803, 8F, Talfook Chong, No. 9,
Shihua Road, Futian Free Trade Zone,
Shenzhen, People's Republic of China
Phone: 86-755-8358-0011
Facsimile: 86-755-8359-7489

Major Activities: Sales and after-sales service of Amada products for the Chinese market and international trading

Amada Korea Co., Ltd.*

635-1, Kojan-dong, Namdong-Ku,
Inchon, Republic of Korea
Phone: 82-32-821-6010
Facsimile: 82-32-821-6015

Major Activities: Sales and after-sales service of Amada products for the South Korean market

Amada Singapore (1989) Pte Ltd.*

12, Tannery Road,
#05-01/02 HB Centre,
Singapore 347722
Phone: 65-6743-6334
Facsimile: 65-6743-3134

Major Activities: Sales and after-sales service of Amada products for the Singapore market

Amada (Thailand) Co., Ltd.*

Thosaphol Land 3 Bldg., 6th Fl.,
947 Moo 12, Bangna-Trad Rd., Km. 3,
Kwang Bangna, Khet Bangna,
Bangkok 10260, Thailand
Phone: 66-2361-9152
Facsimile: 66-2361-9165

Major Activities: Sales and after-sales service of Amada products for the Thai market

Amada (Malaysia) Sdn. Bhd.*

No. 38, Jalan Kartunis, U1/47, Temasya
Industrial Park Section U1,
Glenmarie, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia
Phone: 60-3-5569-1035
Facsimile: 60-3-5569-1042

Major Activities: Sales and after-sales service of Amada products for the ASEAN market

Amada (India) Pvt. Ltd.*

C-Wing-412, Floral Deck Plaza, MIDC, Opp.
Seepz, Andheri (East), Mumbai-400 093, India
Phone: 91-22-2839-5592
Facsimile: 91-22-2823-5405

Major Activities: Sales intermediation for and after-sales service of Amada products for the Indian market

AmadaSoft (India) Pvt. Ltd.*

Ascendas, IT Park, Chennai
Unit No. 6, 1st Floor, Taramani Road,
Opp. CSIR Complex Taramani,
Chennai-600 113, India
Phone: 91-44-2254-2900
Facsimile: 91-44-2254-2910

Major Activities: Research and development of software for machine tools and sheet-metalworking machines

OTHER AREAS

Amada Oceania Pty Ltd.*

24/5 Salisbury Road, Castle Hill,
NSW 2154, Australia
Phone: 61-2-9680-8900
Facsimile: 61-2-9680-9855

Major Activities: Sales and after-sales service of Amada products for the Australian market

* Subsidiary

**Affiliate

Investor Information

Founded

September 10, 1946

Incorporated

May 1, 1948

Number of Shares of Common Stock

(As of September 30, 2005)

Authorized: 550,000,000 shares

Issued: 406,434,117 shares

Number of Shareholders

(As of March 31, 2005)

42,613

Stock Listings

Tokyo Stock Exchange, Inc., First Section

Osaka Securities Exchange Co., Ltd., First Section

Quarterly Stock Price Range on Tokyo Stock Exchange (¥)

	2004				2005		
	1st	2nd	3rd	4th	1st	2nd	3rd
High	677	722	730	614	696	776	933
Low	553	564	550	508	567	633	748

Ordinary General Meeting of Shareholders

June

Stock Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

4-5 Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

Major Shareholders

(As of March 31, 2005)

Name	Number of shares held (thousands)	Percentage of shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	45,386	11.2
The Master Trust Bank of Japan, Ltd. (Trust account)	28,554	7.0
Trust & Custody Services Bank, Ltd. (Retirement benefit trust, Mizuho Bank account—see Note 1)	16,742	4.1
Trust & Custody Services Bank, Ltd. (Trust account)	11,777	2.9
Amada Foundation for Metal Work Technology	9,936	2.4
The Bank of New York, Treaty Jasdec Account	9,501	2.3
Nippon Life Insurance Company	9,274	2.3
The Chase Manhattan Bank, N.A. London	6,259	1.5
Aioi Insurance Co., Ltd.	6,228	1.5
State Street Bank and Trust Company 505019	6,115	1.5

Notes: 1. The 16,742 thousand shares held by Trust & Custody Services Bank, Ltd. (retirement benefit trust, Mizuho Bank account) are a retirement payment trust, which has been entrusted to Trust & Custody Services Bank by Mizuho Bank, Ltd. The rights to specify how proxy voting rights of these shares will be exercised are retained by Mizuho Bank, Ltd. Additionally, Mizuho Bank, Ltd. has 2,319 thousand shares of this company, besides the aforementioned retirement benefit trust account.

2. The Company holds 14,579 thousand shares of treasury stock (14,582 thousand in the Company's Shareholders' Registry), and these stocks have been excluded from the above holdings of major shareholders.



Board of Directors and Corporate Auditors

(As of October 1, 2005)

Chairman

Ryuharu Emori*

President

Mitsuo Okamoto*

Directors

Oichi Yonebayashi

Akiyoshi Yoneda

Atsuzo Yajima

Toshio Takagi

Kojiro Hirosawa

Akio Abe

Yoshihiro Yamashita

Naoki Orita

Mitsuaki Amada

Corporate Auditors

Koshichi Kikuchi

Takeshi Takahashi

Chikara Shinozuka

Hiroaki Sato

*Representative Director

AMADA CO., LTD.
200, Ishida, Isehara, Kanagawa 259-1196, Japan